

# **EXHIBIT K**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 10-Q**

(Mark One)

- ☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended March 31, 2022
- OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 000-23357

**INOTIV, INC.**

(Exact name of the registrant as specified in its charter)

INDIANA  
(State or other jurisdiction of incorporation or organization)

35-1345024  
(I.R.S. Employer Identification No.)

2701 KENT AVENUE  
WEST LAFAYETTE, INDIANA  
(Address of principal executive offices)

47906  
(Zip code)

(765) 463-4527  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	NOTV	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller Reporting Company ☒ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of April 26, 2022, 25,515,239 of the registrant's common shares were outstanding.

## TABLE OF CONTENTS

		<u>Page</u>
<b>PART I</b>	<b>FINANCIAL INFORMATION</b>	
Item 1	Condensed Consolidated Financial Statements:	
	<a href="#">Condensed Consolidated Balance Sheets as of March 31, 2022 (Unaudited) and September 30, 2021</a>	4
	<a href="#">Condensed Consolidated Statements of Operations for the Three and Six Months Ended March 31, 2022 and 2021 (Unaudited)</a>	5
	<a href="#">Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three and Six Months Ended March 31, 2022 and 2021 (Unaudited)</a>	6
	<a href="#">Condensed Consolidated Statements of Shareholders' Equity and Noncontrolling Interest for the Three and Six Months Ended March 31, 2022 and 2021 (Unaudited)</a>	7
	<a href="#">Condensed Consolidated Statements of Cash Flows for the Six Months Ended March 31, 2022 and 2021 (Unaudited)</a>	9
	<a href="#">Notes to Condensed Consolidated Financial Statements</a>	10
Item 2	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	36
Item 3	<a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>	45
Item 4	<a href="#">Controls and Procedures</a>	46
<b>PART II</b>	<b>OTHER INFORMATION</b>	47
Item 1	<a href="#">Legal Proceedings</a>	47
Item 1A	<a href="#">Risk Factors</a>	48
Item 2	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	48
Item 3	<a href="#">Defaults Upon Senior Securities</a>	48
Item 4	<a href="#">Mine Safety Disclosures</a>	48
Item 5	<a href="#">Other Information</a>	49
Item 6	<a href="#">Exhibits</a>	49
	<a href="#">Signatures</a>	50

consequential and incidental losses and damages for the alleged violations. The PAGA complaint seeks civil penalties pursuant to the California Labor Code and attorney's fees. The Company intends to continue to vigorously defend these claims.

The Company is party to certain other legal actions arising out of the normal course of its business. In management's opinion, none of these actions will have a material effect on the Company's operations, financial condition or liquidity.

#### *Government Investigations*

During the period from July 2021 through March 2022, one of Envigo's U.S. facilities was inspected on several occasions by the U.S. Department of Agriculture ("USDA"). USDA issued inspection reports with findings of non-compliance with certain USDA laws and regulations. Envigo formally appealed certain of the findings, and has made multiple remediations and improvements at the facility, of which it has kept USDA apprised. USDA has indicated it intends to conduct a formal investigation. The inspections and/or the investigation could lead to enforcement action resulting in penalties that could include a temporary restraining order or injunction, civil and/or criminal penalties, and/or license suspension or revocation. As of the 10-Q filing date, no investigation had been initiated.

On June 15, 2021, Envigo Global Services, Inc. ("EGSI"), a subsidiary of the Company acquired in the Envigo acquisition, received a grand jury subpoena requested by the U.S. Attorney's Office for the Southern District of Florida ("USAO") for the production of documents related to the procurement of non-human primates ("NHPs") from foreign suppliers for the period January 1, 2018 through June 1, 2021. The subpoena relates to an earlier grand jury subpoena requested by the USAO and received by EGSI's predecessor entity, Covance Research Products, in April 2019. Envigo acquired EGSI from Covance, Inc. ("Covance"), a subsidiary of Laboratory Corporation of America Holdings, in June 2019. The EGSI transaction agreement provides for indemnification of Envigo and its officers, directors and affiliates by Covance for any liabilities arising out of or related to the USAO's investigation in connection with the subpoena to Covance Research Products, as well as certain other matters, subject to an overall indemnification limit for the investigation and certain other matters of \$5,500.

On January 27, 2022, EGSI acquired OBRC, which owns and operates a primate quarantine and holding facility located near Alice, Texas. In 2019, OBRC received grand jury subpoenas requested by the USAO requiring the production of documents and information related to its importation of NHPs into the United States. On June 16, 2021, OBRC received a grand jury subpoena requested by the USAO requiring the production of documents related to the procurement of NHPs from foreign suppliers for the period January 1, 2018 through June 1, 2021. The OBRC purchase agreement provides for indemnification of EGSI and its officers, directors and affiliates by the seller, Orient Bio, Inc., for liabilities resulting from actions, inactions, errors or omissions of Orient Bio, Inc. or OBRC related to any period prior to the closing date.

The Company is cooperating with the USAO.

No form of proceedings has been brought, instigated or is known to be contemplated against the Company by any government agency.

#### **15. ACCUMULATED OTHER COMPREHENSIVE LOSS**

	Pension	Cumulative translation adjustment	Total
Balance as of September 30, 2021	\$ —	\$ —	\$ —
Amortization of periodic benefit costs	230	—	230
Cumulative translation adjustment	—	(858)	(858)
Balance as of March 31, 2022	<u>\$ 230</u>	<u>\$ (858)</u>	<u>\$ (628)</u>

#### **16. SUBSEQUENT EVENTS**

On April 25, 2022, the Company entered into an Interest Purchase Agreement with Histon, LLC, which is a strategic element of the Company's expansion of its specialized pathology services providing for the acquisition by the Company of all of the outstanding membership interests of Histon on that date. Consideration for the Histon membership interests consisted of \$800 in cash (after giving effect to an adjustment for estimated net working capital), subject to certain adjustments, a \$433 seller note and a number of the Company's common shares having a value of \$433 based on the volume weighted average closing price of Company shares as reported by Nasdaq for the twenty trading-day period ending on the third trading day prior to the closing date.